



**Office of the Washington State Auditor  
Pat McCarthy**

December 23, 2020

Dan Leahy  
1415 6<sup>th</sup> Ave. S.W.  
Olympia, WA 98502

Dear Mr. Leahy:

Thank you for contacting the State Auditor's Office Citizen Hotline with your concerns regarding the City of Olympia.

We recently examined your concerns as part of our audit of the City of Olympia and would like to share the results with you.

You indicated the following concerns regarding a lack of compliance with state law and City of Olympia ordinances relating to the City's Multifamily Housing Tax Exemption (MHTE):

- 1) In summary, the City has not filed annual reports with the Department of Commerce as required under RCW 84.14.002.

Results: We requested and obtained the completed form required to be submitted to Department of Commerce related to our audit period (fiscal year 2019) and determined the form was dated December 3, 2019, and submitted to the Department of Commerce on December 6, 2019. We noted no concerns.

- 2) In summary, the City has four Multifamily Housing Tax Exemption (MHTE) properties and these properties have not complied with the terms of Olympia Municipal Code (OMC) 5.86.110 and terms of their MHTE contracts because they have failed to file the required annual, notarized declaration of compliance in a timely manner. The consequence of the failure to comply with all the terms of the ordinance or all the terms of the contract is stated as cancellation of the exemption.

Results: We requested support for the most recent notarized declarations for the four properties. We noted the following for the most recent reports received from each of the four properties:

- Two reports were submitted late.
- Two reports did not include all required information.

We made the following recommendation to the City as a result of the audit work completed in this area:

**Multifamily Housing Tax Exemptions**

Out of four projects tested for compliance with multifamily housing tax exemptions, two required reports were submitted late and two did not have all required information included, as required by City ordinance (OMC 5.86.110).

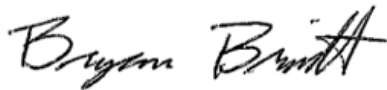
We recommend the City enhance its control systems to ensure reports are complete and filed timely.

- 3) In summary, the City of Olympia’s Community Planning and Development Department does not have an effective program to monitor and enforce MHTE recipient compliance with city ordinances and state law. Additionally, you’ve asked that our Office recommend the City halt MHTE contracts until it demonstrates that it has an effective program.

Results: Our Office does not have the authority to intervene in a government’s management decisions, such as recommending the City halt its current MHTE program. We have determined this issue is outside our audit authority, as defined by RCW 43.09. Therefore, we consider this matter closed.

Thank you for taking the time to submit your concerns. If you have any questions, please contact me at (509) 999-0880.

Sincerely,



Bryson Bristol  
Program Manager  
Team Olympia

H-19-282